

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W.R. GRACE & Co., <u>et al.</u> ,	)	Case No. 01-01139 (JKF)
	)	(Jointly Administered)
Debtors	)	
	)	

**FORTY-THIRD INTERIM APPLICATION OF CAPSTONE ADVISORY GROUP, LLC,  
FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(FOR THE PERIOD FROM AUGUST 1, 2007 THROUGH AUGUST 31, 2007)**

Name of Applicant:	Capstone Advisory Group, LLC (formerly known as Capstone Corporate Recovery, LLC)
Authorized to Provide Professional Services to:	The Official Committee of Unsecured Creditors
Date of Retention:	June 8, 2004 ( <u>nunc pro tunc</u> to February 4, 2004)
Period for which compensation and reimbursement is sought:	August 1, 2007 through August 31, 2007
Amount of Compensation sought as actual, reasonable and necessary (80% of \$74,596.00):	\$ 59,676.80
Amount of Expense Reimbursement sought as actual, reasonable and necessary (100%):	<u>184.06</u>
Total Amount Due:	\$ 59,860.86

Capstone replaced FTI Consulting, Inc. ("FTI") as financial advisors to the Official Committee of Unsecured Creditors, nunc pro tunc to February 4, 2004, so ordered by the Court on June 8, 2004.

The total time expended and included herein for the June monthly fee statement is 5.3 hours and corresponding compensation requested is approximately \$2,053.50.

This is the Forty-Third Interim Application filed by Capstone. Disclosure for the current period and prior periods is as follows:

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**ATTACHMENT A  
TO FEE APPLICATION**

Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
June 10, 2004	February 4, 2004 through February 29, 2004	\$94,882.00	\$3,932.07	\$75,905.60
June 10, 2004	March 1, 2004 through March 31, 2004	\$136,415.50	\$1,819.00	\$109,132.40
<b>Totals First Quarterly</b>	<b>February 4, 2004 through March 31, 2004</b>	<b>\$231,297.50</b>	<b>\$5,751.07</b>	<b>\$185,038.00</b>
June 12, 2004	April 1, 2004 through April 30, 2004	\$61,925.00	\$678.33	\$49,540.00
July 13, 2004	May 1, 2004 Through May 31, 2004	\$32,665.00	\$477.15	\$26,132.00
August 5, 2004	June 1, 2004 through June 30, 2004	\$106,470.50	\$1,119.63	\$85,176.40
<b>Totals Second Quarterly</b>	<b>April 1, 2004 through June 30, 2004</b>	<b>\$201,060.50</b>	<b>\$2,275.11</b>	<b>\$160,848.40</b>
August 31, 2004	July 1, 2004 through July 31, 2004	\$68,533.50	\$667.60	\$54,826.80
September 24, 2004	August 1, 2004 through August 31, 2004	\$99,215.50	\$1,341.49	\$79,372.40
October 28, 2004	September 1, 2004 through September 30, 2004	\$44,918.25	\$658.72	\$35,934.60
<b>Totals Third Quarterly</b>	<b>July 1, 2004 through September 30, 2004</b>	<b>\$212,667.25</b>	<b>\$2,667.81</b>	<b>\$170,133.80</b>

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<b>Date Filed (on or about)</b>	<b>Period Covered</b>	<b>Fees (100%)</b>	<b>Expenses (100%)</b>	<b>Fees (80% of requested fees)</b>
December 6, 2004	October 1, 2004 through October 31, 2004	\$57,592.50	229.77	\$46,074.00
December 22, 2004	November 1, 2004 through November 30, 2004	\$84,366.50	\$745.91	\$67,493.20
January 28, 2005	December 1, 2004 Through December 31, 2004	\$82,351.00	\$ 1,943.96	\$65,880.80
<b>Totals Fourth Quarterly</b>	<b>October 1, 2004 through December 31, 2004</b>	<b>\$224,310.00</b>	<b>\$2,919.64</b>	<b>\$179,448.00</b>
February 25, 2005	January 1, 2005 through January 31, 2005	\$69,477.00	\$276.18	\$55,581.60
March 29, 2005	February 1 through February 28, 2005	\$77,228.50	\$1,727.60	\$61,782.80
May 6, 2005	March 1, 2005 through March 31, 2005	\$126,012.00	\$ 494.94	\$100,809.60
<b>Totals Fifth Quarterly</b>	<b>January 1, 2005 through March 31, 2005</b>	<b>\$272,717.50</b>	<b>\$2,498.72</b>	<b>\$218,174.00</b>
June 3, 2005	April 1, 2005 through April 30, 2005	\$ 87,936.00	\$ 435.16	\$ 70,348.80
July 6, 2005	May 1, 2005 through May 31, 2005	\$119,435.00	\$1,275.00	\$ 95,548.00
July 15, 2005	June 1, 2005 through June 30, 2005	\$89,859.00	\$542.69	\$71,887.20

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<b>Totals Sixth Quarterly</b>	<b>April 1, 2005 through June 30, 2005</b>	<b>\$297,230.00</b>	<b>\$2,252.85</b>	<b>\$237,784.00</b>
September 19, 2005	July 1, 2005 through July 31, 2005	\$90,014.50	\$621.03	\$72,011.60
October 7, 2005	August 1, 2005 through August 31, 2005	\$126,233.00	\$1,532.46	\$100,986.40
October 31, 2005	September 1, 2005 through September 30, 2005	75,983.50	\$482.03	\$60,786.80
<b>Totals Seventh Quarterly</b>	<b>July 1, 2005 through September 30, 2005</b>	<b>\$292,231.00</b>	<b>\$2,635.52</b>	<b>\$233,784.80</b>
December 16, 2005	October 1, 2005 through October 31, 2005	95,742.50	\$750.36	76,594.00
December 30, 2005	November 1, 2005 through November 30, 2005	\$118,062.00	\$1,119.74	\$94,449.60
February 9, 2006	December 1, 2005 through December 31, 2005	\$122,018.50	\$938.82	\$97,614.80
<b>Totals Eighth Quarterly</b>	<b>October 1, 2005 through December 31, 2005</b>	<b>\$335,823.00</b>	<b>\$2,808.92</b>	<b>\$268,658.40</b>
March 21, 2006	January 1, 2006 through January 31, 2006	\$85,745.00	\$631.01	\$68,596.00
April 20, 2006	February 1, 2006 through February 28, 2006	\$173,916.50	\$2,359.69	\$139,133.20

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<b>Date Filed (on or about)</b>	<b>Period Covered</b>	<b>Fees (100%)</b>	<b>Expenses (100%)</b>	<b>Fees (80% of requested fees)</b>
May 9, 2006	March 1 through March 31, 2006	\$141,040.50	\$1,017.99	\$112,832.40
<b>Totals Ninth Quarterly</b>	<b>January 1, 2006 through March 31, 2006</b>	<b>\$400,702.00</b>	<b>\$4,008.69</b>	<b>\$320,561.60</b>
May 23, 2006	April 1, 2006 through April 30, 2006	\$125,055.00	\$1,929.46	\$100,044.00
June 21, 2006	May 1, 2005 Through May 31, 2006	\$146,396.50	\$965.43	\$117,117.20
July 20, 2006	June 1, 2006 Through June 30, 2006	\$140,368.50	\$1,263.86	\$140,368.50
<b>Totals Tenth Quarterly</b>	<b>April 1, 2006 through June 30, 2006</b>	<b>\$411,820.00</b>	<b>\$4,158.75</b>	<b>\$329,456.00</b>
	Adjustment for July photocopies		\$(6.55)	
August 25, 2006	July 1, 2006 through July 31, 2006	\$102,449.00	\$566.51	\$ 81,959.20
October 2, 2006	August 1, 2006 Through August 31, 2006	\$111,154.00	\$505.01	\$88,923.20
November 13, 2006	September 1, 2006 through September 30, 2006	\$75,103.50	\$633.57	\$ 60,082.80
<b>Totals Eleventh Quarterly</b>	<b>July 1, 2006 through September 30, 2006</b>	<b>\$288,706.50</b>	<b>\$1,698.54</b>	<b>\$230,965.20</b>
December 20, 2006	October 1, 2006 Through October 31, 2006	\$63,155.50	\$206.40	\$50,524.40

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January 22, 2007	November 1, 2006 Through November 30, 2006	\$98,985.50	\$809.09	\$79,997.49
March 20, 2007	December 1, 2006 Through December 31, 2006	\$59,630.50	\$381.70	\$47,704.40
<b>Totals Twelfth Quarterly</b>	<b>October 1, 2006 through December 31, 2006</b>	<b>\$221,771.50</b>	<b>\$1,397.19</b>	<b>\$177,417.20</b>
April 20, 2007	January 1, 2007 through January 31, 2007	\$55,703.00	\$ 166.00	\$44,562.40
April 20, 2007	February 1, 2007 through February 28, 2007	\$87,120.50	\$ 344.89	\$69,696.40
June 29, 2007	March 1, 2007 through March 31, 2007	\$119,047.50	\$472.38	\$95,238.00
<b>Totals Thirteenth Quarterly</b>	<b>January 1, 2007 through March 31, 2007</b>	<b>\$261,871.00</b>	<b>\$983.27</b>	<b>\$209,496.80</b>
June 29, 2007	April 1, 2007 through April 30, 2007	\$77,267.00	\$221.70	\$61,813.60
July 3, 2007	May 1, 2007 through May 31, 2007	\$101,181.00	\$838.49	\$80,944.80
August 31, 2007	June 1, 2007 through June 30, 2007	\$90,040.50	\$744.21	\$72,032.40
<b>Totals Fourteenth Quarterly</b>	<b>April 1, 2007 Through June 30, 2007</b>	<b>\$268,488.50</b>	<b>\$1804.40</b>	<b>\$214,790.80</b>

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October 23, 2007	July 1, 2007 through July 31, 2007	\$78,971.00	\$636.29	\$63,176.80
October 23, 2007	August 1, 2007 Through August 31, 2007	\$74,596.00	\$184.06	\$59,676.80

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**ATTACHMENT B  
TO FEE APPLICATION**

1. Summary of Fees by Professional
2. Summary of Fees by Task Code
3. Detailed Time Description by Task Code
4. Expense Detail



**W.R. Grace & Co.**  
**Capstone Advisory Group, LLC**  
**Summary of Fees by Professional**  
**For the Period 8/1/07 through 8/31/07**

<b>Professional</b>	<b>Position</b>	<b>Billing Rate</b>	<b>Hours</b>	<b>Fees</b>
E. Ordway	Member	\$595	17.00	\$10,115.00
S. Cunningham	Member	\$595	43.80	\$26,061.00
J. Dolan	Consultant	\$375	101.60	\$38,100.00
M. Desalvio	Research	\$160	2.00	\$320.00
<b>For the Period 8/1/07 through 8/31/07</b>			<b>164.40</b>	<b>\$74,596.00</b>

**W.R. Grace & Co.**  
**Capstone Advisory Group, LLC**  
**Summary of Fees by Task Code**  
**For the Period 8/1/07 through 8/31/07**

<b>Task Code</b>	<b>Task Description</b>	<b>Hours</b>	<b>Fees</b>
03. Claims Analysis & Valuation	During the Fee Application period, the Applicant prepared various analyses of claims and debt capacity, reviewed recovery scenarios under various assumptions and reviewed expert testimony reports regarding asbestos claim estimates.	29.10	\$13,662.50
04. Creditor Committee Matters	During the Fee Application period, the Applicant discussed case issues including the PI/PD proposal, and recovery analyses with counsel and Committee members.	10.60	\$ 4,261.00
05. Employee Matters/KERP/Other	During the Fee Application period, the Applicant prepared and distributed a report on the LTIP motion to the Committee.	2.20	\$ 1,001.00
07. Fee Applications & Invoices	During the Fee Application Period, the Applicant prepared the June Fee Statement.	5.30	\$ 2,053.50
08. Financial Analysis - Schedules & Statements	During the Fee Application Period, the Applicant analyzed data regarding Q2 results by comparing sales, EBIT, and gross margin to Plan and prior year, as well as a review of industry reports. A report to the Committee was prepared thereon.	111.60	\$51,618.00
11. Financial Analysis - Other	During the Fee Application Period, the Applicant Reviewed SEC filings.	0.40	\$ 150.00
21. Research	During the Fee Application period, the Applicant Researched peer group information and industry reports.	2.00	\$ 320.00
26. Meetings with Debtors/Advisors	During the Fee Application Period, the Applicant prepared for and participated in a discussions regarding Q2 results.	3.20	\$ 1,530.00
<b>For the Period 8/1/07 through 8/31/07</b>		<b>164.40</b>	<b>\$74,596.00</b>

**W.R. Grace & Co.**  
**Capstone Advisory Group, LLC**  
**Detailed Time Description by Task Code**  
**For the Period 8/1/07 through 8/31/07**

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
03. Claims Analysis & Valuation			
8/1/2007	J. Dolan	1.60	Prepared recovery analysis at the request of counsel.
8/1/2007	S. Cunningham	3.30	Review & update forecast rate at various data points
8/1/2007	J. Dolan	1.50	Prepared for and participated in call with counsel regarding claims valuation and interest rates.
8/1/2007	J. Dolan	0.90	Discussion with counsel regarding value distribution analysis.
8/2/2007	S. Cunningham	3.00	Update hypothetical recovery re: claims
8/2/2007	E. Ordway	0.60	Directed staff in updating claims analysis.
8/7/2007	E. Ordway	1.60	Read Asbestos Expert Reports and listed items for staff to investigate.
8/7/2007	J. Dolan	1.00	Read and analyzed counsel's memo re: PD claim settlement for City of Philadelphia.
8/8/2007	J. Dolan	0.70	Read and analyzed counsel's memo re: tax claim settlement.
8/8/2007	J. Dolan	2.20	Read and analyzed expert reports regarding asbestos claims.
8/10/2007	J. Dolan	1.10	Prepared debt capacity analysis based on updated information.
8/10/2007	J. Dolan	1.90	Prepared recovery analysis and various scenarios based on updated information.
8/13/2007	J. Dolan	1.00	Prepared for and participated in call with Committee regarding claims valuation.
8/13/2007	E. Ordway	1.00	Prepared for and participated in committee conference call regarding claims estimation.
8/13/2007	S. Cunningham	1.00	Prepared Hypothetical recovery analysis on various claim levels
8/15/2007	E. Ordway	2.00	Revised debt capacity analysis based on current market conditions.
8/23/2007	J. Dolan	2.20	Read and analyzed expert report on asbestos claim estimation.
8/24/2007	J. Dolan	2.50	Prepared recovery analysis based on various settlement scenarios and types of currency.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
Subtotal		29.10	
04. Creditor Committee Matters			
8/10/2007	J. Dolan	0.50	Reviewed DIP Amendment #3 received from the Company and distributed to Counsel.
8/13/2007	J. Dolan	1.70	Read and analyzed recent docket submissions.
8/14/2007	J. Dolan	1.50	Prepared for and participated in call with counsel regarding 2Q07 results, recovery and status update.
8/15/2007	E. Ordway	0.30	Call with Committee members to discuss case status.
8/23/2007	J. Dolan	1.60	Read and analyzed recent docket submissions.
8/24/2007	J. Dolan	1.00	Prepared update to work plan.
8/28/2007	J. Dolan	1.20	Discussion regarding status of case.
8/29/2007	J. Dolan	1.10	Read and analyzed recent docket submissions.
8/30/2007	E. Ordway	0.20	Revised work plan.
8/30/2007	J. Dolan	0.70	Read and analyzed release regarding financial advisor investigation.
8/30/2007	E. Ordway	0.40	Call with Committee member to discuss Capstone activities/work plan for near-term.
8/31/2007	S. Cunningham	0.40	Prepared agenda re: 9/26 committee meeting
Subtotal		10.60	
05. Employee Matters/KERP/Other			
8/1/2007	J. Dolan	1.40	Revised and distributed LTIP report to the Committee and counsel.
8/30/2007	E. Ordway	0.80	Read LTIP report and incorporated comments thereon in 2Q report regarding personnel costs.
Subtotal		2.20	
07. Fee Applications & Invoices			
8/9/2007	J. Dolan	0.80	Prepared June fee app.
8/13/2007	J. Dolan	1.20	Prepared June fee application.
8/15/2007	J. Dolan	0.40	Update to fee analysis based on payments received.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
8/24/2007	J. Dolan	1.20	Prepared June fee app.
8/29/2007	J. Dolan	1.40	Prepared June fee app.
8/30/2007	E. Ordway	0.30	Prepared fee application.
Subtotal		5.30	

## 08. Financial Analysis - Schedules &amp; Statements

8/3/2007	S. Cunningham	3.10	Update Peer Group data and reviewed financial performance
8/7/2007	J. Dolan	2.50	Read and analyzed June monthly operating reports.
8/8/2007	S. Cunningham	3.10	Review (IDR) information. Review of Q207 financial information.
8/9/2007	S. Cunningham	3.40	Review Q207 Financial data.
8/9/2007	J. Dolan	3.40	Prepared analyses for the 2Q07 results report to the Committee.
8/9/2007	E. Ordway	0.70	Analyzed 2Q07 financial information and listed items for staff to discuss with management.
8/9/2007	J. Dolan	2.10	Read and analyzed the Financial Briefing prepared by the Company in anticipation of the 2Q07 results call.
8/9/2007	J. Dolan	2.20	Read and analyzed recently filed 10Q for the 2Q07.
8/10/2007	J. Dolan	2.00	Prepared 2Q07 results analyses to be included in the Committee report.
8/13/2007	S. Cunningham	2.30	Review Q207 Financials prepared by the Company.
8/13/2007	E. Ordway	1.50	Read and analyzed 10Q and prepared list of items to review/comment on for committee 2Q report.
8/13/2007	J. Dolan	2.40	Prepared analyses for the 2Q07 report to the Committee including gross margin analysis.
8/14/2007	J. Dolan	2.20	Prepared analyses for the 2Q07 results report to the Committee.
8/14/2007	S. Cunningham	3.00	Review of Q207 Financial Data
8/15/2007	J. Dolan	2.50	Prepared analyses for the 2Q07 Committee report including review and analysis of peer financials.
8/15/2007	J. Dolan	2.40	Prepared analyses for the 2Q07 Committee report including review and analysis of industry reports.
8/16/2007	E. Ordway	0.80	Prepared section of report to committee on 2Q regarding liquidity.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
8/16/2007	J. Dolan	2.50	Read and analyzed Company's Executive Summary financial statements for 2Q07 Report to the Committee.
8/16/2007	J. Dolan	2.80	Began preparing actual vs plan analyses for the 2Q07 Report to the Committee.
8/17/2007	J. Dolan	1.80	Analyses related to the 2Q07 Report to the Committee related to price, productivity and inflation actual results versus prior year and Plan.
8/17/2007	J. Dolan	1.30	Analyses related to the 2Q07 Report to the Committee including cash flow actual results versus prior year and Plan.
8/17/2007	J. Dolan	2.60	Analyses related to the 2Q07 Report to the Committee including sales and ebitda bridges actual results versus prior year and Plan.
8/17/2007	S. Cunningham	5.10	Read and Reviewed Q207 Financial Data and prepared various analysis.
8/17/2007	E. Ordway	1.40	Continued to prepare section of committee report addressing liquidity.
8/20/2007	J. Dolan	2.10	Analyses related to the 2Q07 Report to the Committee including cap ex to date, pension funding, ch 11 expenses, non core expenses actual results versus prior year and Plan.
8/20/2007	J. Dolan	1.30	Prepared additional questions and requests for information from the Company for the 2Q07 report to the committee.
8/20/2007	J. Dolan	2.50	Analyses and commentary related to the 2Q07 report to the Committee.
8/21/2007	J. Dolan	1.00	Analyses of foreign currency impact in the 2Q07; related comments in report to the Committee.
8/21/2007	J. Dolan	2.70	Analyzed information for the 2Q07 report to the Committee including declining gross margins, its cause and the reasonableness of increased margins in the 2nd half of 2007.
8/21/2007	J. Dolan	2.60	Analyzed information for the 2Q07 report to the Committee including latest estimate for the year, potential acquisitions, and update to commentary on analyses.
8/22/2007	J. Dolan	2.70	Analyses related to the 2Q07 Report to the Committee including year-to-date sales and ebitda bridges actual results versus prior year and Plan.
8/22/2007	J. Dolan	2.40	Continued commentary on 2Q07 results for Committee report.
8/23/2007	J. Dolan	0.50	Research housing starts and potential impact on Company results for the remainder of the year.
8/23/2007	J. Dolan	2.50	Continued preparing commentary on 2Q07 report to the Committee.
8/24/2007	S. Cunningham	3.30	Read and reviewed 10Q filing for 2nd Quarter. Reviewed analysis versus Plan & Prior year.

Date	Professional	Hours	Detailed Time Description
8/24/2007	J. Dolan	2.40	Researched housing starts, analyzed recent mortgage issues and potential impact on Company results for the remainder of the year.
8/27/2007	E. Ordway	0.50	Analyzed research data regarding projected currency changes.
8/27/2007	E. Ordway	1.10	Analyzed data regarding building supply industry trends and impact to Debtors.
8/27/2007	S. Cunningham	4.10	Reviewed Peer Group data Q207 results
8/28/2007	E. Ordway	1.60	Prepared/edited Committee report regarding 2Q operating performance.
8/28/2007	J. Dolan	2.00	Read and analyzed press releases from the 2nd quarter and incorporated relevant information into report to the Committee.
8/28/2007	E. Ordway	0.50	Analyzed sensitivity of projection to currency fluctuations.
8/28/2007	J. Dolan	0.40	Incorporated additional information received from Blackstone into report.
8/28/2007	J. Dolan	2.70	Revisions to 2Q07 report including commentary and analyses.
8/29/2007	J. Dolan	1.30	Read and analyzed housing market and mortgage finance sector data and the related impact on like companies.
8/29/2007	J. Dolan	2.50	Continued preparation of 2Q07 report to the Committee.
8/29/2007	E. Ordway	1.20	Analyzed excess cash worldwide.
8/29/2007	E. Ordway	0.50	Prepared/edited section of reports addressing legacy costs.
8/30/2007	J. Dolan	1.40	Prepared additional questions for management regarding the 2Q07 results.
8/30/2007	S. Cunningham	4.20	Read and reviewed monthly financial reports for July 2007.
8/30/2007	J. Dolan	1.50	Review of report and final changes before internal review.
8/31/2007	S. Cunningham	3.00	Read and reviewed Q207 financial data
Subtotal		111.60	
11. Financial Analysis - Other			
8/23/2007	J. Dolan	0.40	Reviewed recent SEC filing.
Subtotal		0.40	
21. Research			
8/14/2007	M. Desalvio	2.00	Researched peer group information for 2Q07 analysis.

Date	Professional	Hours	Detailed Time Description
Subtotal		2.00	
26. Meetings with Debtors/Advisors			
8/14/2007	S. Cunningham	0.30	Prepared for and participated in Committee 2Q07 update call
8/14/2007	S. Cunningham	1.20	Participated in Q207 upate call with Grace Management
8/14/2007	J. Dolan	1.70	Prepared for and participated in call with the Company and its advisors regarding 2Q07 results.
Subtotal		3.20	
<b>Total Hours</b>		<b>164.40</b>	



**W.R. Grace & Co.**  
**Capstone Advisory Group, LLC**  
**Expense Detail**  
**For the Period 8/1/07 through 8/31/07**

Date	Professional	Detail	Amount
Postage/FedEx			
8/31/2007	Capstone Expenses	Fed Ex Invoice # 2946-3634-0	\$44.83
Subtotal - Postage/FedEx			\$44.83
Research			
8/31/2007	Capstone Expenses	August Pacer Charges	\$14.08
Subtotal - Research			\$14.08
Telecom Charges			
8/31/2007	Capstone Expenses	August Telephone - Saddle Brook office	\$125.15
Subtotal - Telecom Charges			\$125.15
<b>For the Period 8/1/07 through 8/31/07</b>			<b>\$184.06</b>